



# Amherst Massachusetts

ASSISTANT TOWN MANAGER / FINANCE DIRECTOR

Town Hall  
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Amherst, MA 01002-2301  
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April 10, 2009

TO: Larry Shaffer, Town Manager  
Select Board  
Budget Coordinating Group  
Finance Committee

FROM: John P. Musante, Assistant Town Manager/Finance Director *JPM*

SUBJECT: Background Information – ATM Article 14

## **ARTICLE 14. FY 2009 Budget Amendments (Finance Committee)**

- A. To see if the Town will transfer \$185,000 from the Ambulance Receipts Reserved for Appropriation Account to be used as an other financing source in the General Fund for FY 2009.

*Part A of this article corrects an error in the wording of the approved motion from Article 15 – Capital Equipment from the 2008 Annual Town Meeting. Both the Joint Capital Planning Committee and the Finance Committee had recommended in their written reports to Town Meeting that \$185,000 for an ambulance and fire staff vehicle be funded from the Ambulance Fund. The motion omitted the Ambulance Fund as a source of funds for this article. See attachment #1: Finance Committee recommendation and adopted motion from the 2008 Annual Town Meeting.*

- B. To see if the Town will, in accordance with M.G.L. c. 44, § 53 (2), appropriate and transfer a sum of money from the Insurance Recovery Fund to the FY 2009 Operating Budget – Public Safety for reimbursement of the cost of repairs to the damaged ambulance.

*See attachment #2: Memorandum from Comptroller Sonia Aldrich.*

- C. To see if the Town will appropriate and transfer \$106,243 from Free Cash in the Undesignated Fund Balance of the General Fund to the Health Claims Trust Fund to

account for Medicare Part D reimbursements received by the Town of Amherst for prescription drug costs incurred by the Health Claims Trust Fund for Town of Amherst, Amherst-Pelham Regional School District, and Town of Pelham members; and, further, that forthwith all such Medicare Part D reimbursements be deposited into the Health Claims Trust Fund.

*See attachment #3: Memorandum from Health Trust Manager Kay Zlogar.*

- D. To see if the Town will amend the budget voted under Article 12 of the 2008 Annual Town Meeting (FY 2009 Operating Budget) to transfer sums of money between General Government, Public Safety, Public Works, Planning, Conservation, and Inspections, Community Services, and Debt Service accounts to balance the 2009 Fiscal Year.

*Part D of the article would allow the Town to transfer appropriated funds between functional areas of the municipal portion of the budget to address any potential shortfalls in the operating budget. A specific motion will be developed closer to Town Meeting with the most current information.*

- E. To see if the Town will amend the action taken under Article 13 of the 2008 Annual Town Meeting (Reserve Fund) and appropriate and transfer a sum of money from Free Cash in the Undesignated Fund Balance of the General Fund.

*Part E of the article would allow a supplemental appropriation, if necessary, to the \$100,000 Finance Committee Reserve Fund that is available for extraordinary and unforeseen expenditures during FY 09. A specific recommendation and motion will be developed closer to Town Meeting, which could include a motion to dismiss, with the most current information.*

- F. To see if the Town will transfer \$153,975 from Overlay Surplus to be used as an other financing source in the General Fund for FY 2009.

*Part F has been added to this article as an additional component of a multi-part solution to address a \$978,298 mid-year reduction in state aid enacted by Governor Patrick using his "9C" budget cutting authority granted to him by the legislature.*

*This represents a revision of the approach endorsed by the Select Board in February. At that time, staff presented a plan to address this reduction thru a combination of spending reductions (an estimated \$500,000 from a health insurance premium holiday in April) and unbudgeted state grant receipts from the Wildwood School roof project (\$550,311) that were received by the Town last September. An updated estimate of savings from the health insurance premium holiday based upon current enrollment is \$462,125. Additionally, the state Department of Revenue has advised the Town that pursuant to school building project grant accounting regulations, only a portion of the grant received*

*(\$362,198 out of the total of \$550,311) can be applied as an FY 09 offsetting revenue. This is an amount equal to 74.74% of debt service paid by the Town to date on bonds for this project issued in 2002, which represents the percentage of the project costs funded by the grant. The balance of the grant will be available as a revenue offset for debt service over the remaining term of the debt from FY 10-13, which will assist our budget planning for those years.*

*These updated and reduced estimates create a gap of \$153,975 needed to totally offset the \$978,298 mid-year state cut. See attachment #4: Worksheet showing the FY 09 mid-year aid reduction and proposed solutions. This remaining gap can be offset by appropriating funds from the Town's overlay surplus account. On March 12, 2009, the Board of Assessors certified a total of \$292,932.25 from the Town's overlay reserve for property tax abatements and exemptions for fiscal years 2002, 2004, 2005, 2007, and 2008 as no longer needed for that purpose (see attachment #5: Memorandum and accompanying explanation and calculation from the Board of Assessors). These funds are available for appropriation thru June 30 and after that date any unused overlay surplus becomes part of the Town's free cash. It is recommended that a portion of the overlay surplus (\$153,975) be appropriated in Part F of this article to address the remaining FY 09 shortfall.*

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**FINANCE COMMITTEE REPORT TO 2008 ANNUAL TOWN MEETING:**

**ARTICLE 15. Capital Program - Equipment**  
(Joint Capital Planning Committee)

To see if the Town will appropriate \$1,226,400 to purchase, repair, and/or install new or replacement equipment and determine whether such appropriation shall be met by taxation, by the transfer of available funds, or otherwise and further to authorize the application for and acceptance of any gifts, bequests, or grants.

**RECOMMENDED** by a Finance Committee vote of 5-0, 1 absent.

This article appropriates \$901,400 from taxation, \$140,000 from unexpended capital appropriations from previous years, and \$185,000 from the Ambulance Fund to fund equipment purchases. Below is the list of capital items recommended by the Joint Capital Planning Committee. For a more complete description, see the JCPC Report to Town Meeting.

\$ 39,000	Photocopiers
\$123,000	Town information systems; replace/upgrade computers and network equipment
\$ 40,000	Town's share of GIS flyover
\$130,000	Four replacement police cruisers
* \$160,000	Replacement ambulance (from Ambulance Fund)
* \$ 25,000	Staff vehicle, replacing 1995 vehicle with over 100,000 miles on it (from Ambulance Fund)
\$ 67,400	Protective gear for Fire Department permanent force (added to \$20,600 appropriated last year for the same purpose)
\$115,000	Bombardier sidewalk plow, replacing the DPW's 1983 sidewalk plow
\$ 60,500	One ton dump truck with plow (replacement)
\$ 60,000	One ton dump truck with plow (replacement, funded with unexpended capital appropriation)
\$ 22,000	Greens mower, replacing two-decade old equipment that can no longer be repaired
\$ 20,000	Library information systems; replace/upgrade computers and network equipment
\$ 5,000	Library photocopier/printer/scanner
\$160,000	Two replacement school buses
\$ 40,000	School Department wheelchair van, replacing one of two
\$ 4,000	School telecommunications equipment
\$ 23,000	School copiers (replacements)
\$115,000	School information systems; replace/upgrade computers and network equipment (\$36,000 from taxation, \$80,000 from unexpended capital appropriation)
\$ 16,500	School multimedia/audio/visual replacement equipment

**MOTION VOTED:**

**ARTICLE 15. Capital Program – Equipment (Joint Capital Planning Committee)**

**VOTED** to appropriate \$1,226,400 to purchase, repair, and/or install new or replacement equipment, and to meet such appropriation (\$1,086,400 be raised by taxation, \$32,000 be transferred from Article 21 of the 2005 Annual Town Meeting (Vehicle Washer), \$80,000 be transferred from Article 34 of the 2006 Annual Town Meeting (Marks Meadow Portable Classrooms), and \$28,000 be transferred from Article 31 of the 2007 Annual Town Meeting (Police Station HVAC improvements).

Action taken on 5/12/2008.

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## MEMO

April 7, 2009

To: Larry Shaffer, Town Manager

From: Sonia Aldrich, Comptroller

Subject: Ambulance Accident – Insurance Settlement

On Friday, December 26, 2008, an accident occurred on route 9 involving our 2006 ambulance R-27. A vehicle turning into Rocky's hardware caused traffic heading eastbound to come to an abrupt stop. The operator tried to swerve hard to the right while braking and was unsuccessful at avoiding collision. The front left of the ambulance contacted the rear corner of the flat bed truck in front of it. The bed of the truck in front tore through the front panels of the ambulance on the driver's side and caused major damage.

An insurance claim was filed and we received a check for \$39,577.77. The repair should be \$40,577.07 which includes the \$1000 deductible; however we have not received a final invoice yet. We are waiting to hear from the Fire Department for a final figure.

Typically when an incident occurs and we receive an insurance settlement we do the repairs and pay from the Insurance Recovery fund. Because this incident is in excess of \$20,000 Mass General Law **Chapter 44: Section 53** (see reference below) requires that we go to Town Meeting for a specific appropriation. This being an emergency vehicle it was critical to get it repaired and back in service. The repairs are presently being done and have been charged to the Fire Department operating budget. In order to reimburse the Fire budget to avoid an appropriation deficit we will need to appropriation using the Insurance Recovery fund as a financing source.

### **Chapter 44: Section 53. City, town or district funds; use and disposition**

Section 53. All moneys received by any city, town or district officer or department, except as otherwise provided by special acts and except fees provided for by statute, shall be paid by such officers or department upon their receipt into the city, town or district treasury. Any sums so paid into the city, town or district treasury shall not later be used by such officer or department without specific appropriation thereof; provided, however, that (1) sums allotted by the commonwealth or a county to cities or towns for highway purposes and sums allotted by the commonwealth to cities, towns or districts for water pollution control purposes shall be available therefore without specific appropriation, but shall be used only for the purposes for which the allotment is made or to meet temporary loans issued in anticipation of such allotment as provided in section six or six A, (2) sums not in excess of twenty thousand dollars recovered under the terms of fire or physical damage insurance policy and sums not in excess of twenty thousand dollars received in restitution for damage done to such city, town or district property may be used by the officer or department having control of the city, town or district property for the restoration or replacement of such property without specific appropriation and (3) sums recovered from pupils in the public schools for loss of school books or paid by pupils for materials used in the industrial arts projects may be used by the school committee for the replacement of such books or materials without specific appropriation.



*Town of*

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# **AMHERST, Massachusetts**

HUMAN RESOURCES DEPARTMENT  
Town Hall, 4 Boltwood Avenue  
Amherst, MA 01002-2302

Kay Zlogar, Trust Manager  
phone: (413) 259-3123; fax: (413) 259-2418  
email: [ZlogarK@amherstma.gov](mailto:ZlogarK@amherstma.gov)

April 7, 2009

TO: Laurence Shaffer, Town Manager  
John Musante, Assistant Town Manager

FROM: Kay Zlogar, Trust Manager

SUBJECT: Medicare Part D Reimbursements

Prior to 2003, many people over the age of 65 and subscribers to Medicare did not have coverage for prescription drugs. To correct this, Congress passed the Medicare Modernization Act (MMA) which established a Part D for prescription drugs. Medicare beneficiaries could pay for a Part D plan or, if they had supplemental insurance that provided for a prescription drug benefit, the insurer could be reimbursed 28% of the eligible expenses.

Employers in the joint purchase Health Claims Trust Fund had been providing prescription benefits to all Medicare retirees for years so the obvious choice for the group was to apply for the subsidy. As with many Federal programs this subsidy took some time to get the process set up and the first payment was received in FY08 in the amount of \$33,842.67; payment received in the current fiscal year is \$72,400.47 for a total of \$106,243.14.

The Massachusetts Department of Revenue required the reimbursement go into the General Fund of the Town of Amherst but because the group has three employers in the Trust that the subsidy is being paid for, we need to do one of two things:

- Allocate the reimbursement to the employers based on their representative share of the total group; or
- Transfer the money to the Health Claims Trust Fund.

Both payment for the prescriptions and the supplemental insurance comes from the Health Claims Trust Fund. Therefore, we are asking Amherst Town Meeting to transfer the funds received back to the Trust Fund. This reimbursement to the fund will help offset the cost of the supplemental insurance premiums for the plan members resulting in a reduction in the premiums paid by retirees – many of whom are on fixed incomes.

Should there be any questions, or should you want to meet to discuss this further, please feel free to contact me; my direct phone is 413-259-3123 and my email is [ZlogarK@amherstma.gov](mailto:ZlogarK@amherstma.gov).

cc: Select Board  
Finance Committee

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TOWN OF AMHERST, MASSACHUSETTS  
PROPOSED THREE-YEAR FINANCIAL STRATEGIC PLAN

	A	
	FY 09 Budget	FY 09 Mid-Year Reductions
<b>REVENUES:</b>		
Taxes	37,239,884	
Other Local Revenues	5,496,090	
State Revenues	17,129,832	(978,298)
Other Financing Sources	2,521,580	
Reserves (Free Cash + Stabilization)	425,000	
<b>Total Revenues</b>	<b>62,812,386</b>	<b>(978,298)</b>
<b>EXPENDITURES:</b>		
Capital Plan - Debt Exclusion	441,321	
Capital Plan - Tax Funded	2,732,858	
Other Govt Assessments	5,246,418	
Miscellaneous	587,274	
<b>Subtotal Other Expenditures</b>	<b>9,007,871</b>	<b>0</b>
Town	18,591,563	
Elementary Schools	20,689,430	
Amherst Pelham RSD Assessment	12,395,375	
Amherst Pelham RSD Budget	28,120,995	
Jones Library	2,128,147	
Jones Library (Tax Support)	1,490,385	
<b>Subtotal Operating Budgets</b>	<b>53,804,515</b>	<b>0</b>
<b>Total Expenditures</b>	<b>62,812,386</b>	<b>0</b>
<b>SURPLUS / (SHORTFALL):</b>	<b>(0)</b>	<b>(978,298)</b>

Governor's mid-year cuts in state aid

<b>Operating Budgets</b>	
Town	(223,317)
Elementary Schools	(221,749)
Amherst Pelham RSD Assessment	
Jones Library Tax Support	(17,059)
<b>Subtotal Operating Budgets</b>	<b>(462,125)</b>
Capital Budget - Tax Funded	
<b>TOTAL EXPENDITURE REDUCTIONS</b>	<b>(462,125)</b>

} Health Insurance Premium Holiday - April 2009

<b>REVENUES:</b>	
<b>Requires Approval of State Legislature</b>	
Meals Tax +1% (STATE)	
Meals Tax +1% (LOCAL OPTION)	
Lodging Tax +1% (STATE)	
Lodging Tax +1% (LOCAL OPTION)	
Telecommunications Tax Loophole	
<b>Subtotal State Revenues</b>	
<b>Federal Economic Stimulus Legislation</b>	
Capital	
School Grants (Title 1, IDEA)	
<b>Town / School / Library Revenues</b>	
State Grant - Wildwood Roof	(382,198)
Overlay Surplus	(153,975)
Additional Fee Increases	
Property Tax Override	
Use Reserves	
<b>TOTAL REVENUE ADJUSTMENTS</b>	<b>(516,173)</b>
<b>SURPLUS / (SHORTFALL) REMAINING</b>	<b>-</b>

} Revised

TOWN OF

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## AMHERST MASSACHUSETTS



TOWN OF AMHERST  
4 BOLTWOOD AVENUE  
AMHERST, MA. 01002

ASSESSORS OFFICE  
Phone (413) 259-3024  
Fax No: (413) 256-4007  
Email: assessors@amherstma.gov

**Memo:**

To: John Musante, Director of Administration & Finance

From: Amherst Board of Assessors

Re: Overlay Surplus

Date: March 12, 2009

The Board of Assessors releases the overlay surplus amounts as follow:

\$ 151.32	for 2002
\$ 2,981.24	for 2004
\$ 57,972.36	for 2005
\$ 82,026.82	for 2007
\$149,800.51	for 2008

*Constance Kruger*  
*Don Nise*

Board of Assessors



**TOWN OF AMHERST, MASSACHUSETTS**

**BOARD OF ASSESSORS - STATUS OF OVERLAY RESERVE FOR ABATEMENTS & EXEMPTIONS**

10-Mar-2009					
FY	Overlay Balance		Oustanding Receivables		Overlay Surplus/Deficit
2002	\$ 348.32	2002	\$ 197.00	\$	151.32
2003	\$ -	2003	\$ 148.70	\$	(148.70)
2004	\$ 3,094.34	2004	\$ 113.10	\$	2,981.24
2005	\$ 58,055.81	2005	\$ 83.45	\$	57,972.36
2006	\$ (261.14)	2006	\$ 810.29	\$	(1,071.43)
2007	\$ 83,633.02	2007	\$ 1,606.20	\$	82,026.82
2008	\$ 177,281.07	2008	\$ 27,480.56	\$	149,800.51
2009	\$ 87,245.92	2009	\$ 9,355,069.35		
	\$ 409,397.34		\$ 9,385,508.65	\$	292,932.25
					Overlay Surplus

**Overlay (Overlay Reserve or Allowance for Abatements and Exemptions)** – An account established annually to fund anticipated property tax abatements, exemptions and uncollected taxes in that year.

**Overlay Deficit** – A deficit that occurs when the amount of overlay raised in a given year is insufficient to cover abatements, statutory exemptions, and uncollected taxes for that year. Overlay deficits must be provided for in the next fiscal year.

**Overlay Surplus** – Any balance in the overlay account of a given year in excess of the amount remaining to be collected or abated can be transferred into this account. Within ten days of a written request by the chief executive officer of a city or town, the assessors must provide a certification of the excess amount of overlay available to transfer, if any. Overlay surplus may be appropriated for any lawful purpose. At the end of each fiscal year, unused overlay surplus is "closed" to surplus revenue; in other words, it becomes a part of free cash.